Dubuque County/Teamsters Local 421 (Roads)

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PUBLIC EMPLOYMENT RELATIONS BOARD

BEFORE THE ARBITRATOR

In the Matter of Interest Arbitration between

DUBUQUE COUNTY

and

TEAMSTERS, LOCAL 421

Appearances:

Previant, Goldberg, Uelmen, Gratz, Miller & Brueggeman, S.C., Attorneys at Law, by Jill M. Hartley, appeared on behalf of the Union.

Mary Ann Specht, Personnel Director, appeared on behalf of the Employer.

INTERST ARBITRATION AWARD

Dubuque County, herein "Employer," and Teamsters Local 421, herein "Union," selected the undersigned from a panel of arbitrators supplied by the Iowa Public Employment Relations Board to hear and decide their dispute with respect to their July 1, 2008, to June 30, 2009 collective bargaining agreement pursuant Sec. 20.22, Iowa Code. I held a hearing in the matter on June 17, 2008, in Dubuque, Iowa. The parties made oral argument and waived the filing of post-hearing briefs.

ISSUES

There are two impasse issues in dispute. They are salary and insurances. The Union's offer is the same as the Fact Finders'. The parties' final offers for arbitration are as follows:

	Employer	Union
Wages	3.5% 7/1/08	3.25% 7/1/08
Insurance	2% premium share Effective 1/1/09	continue 100% payment by Employer

BACKGROUND

Dubuque County has an estimated population of 92,384. The largest city in the County is the City of Dubuque, with a population of 57,686 . There are 17 townships in the unincorporated area of Dubuque County.

According to the Bureau of Economic Analysis, U.S. Department of Commerce, in 2005 there were 65,596 people employed in the County, 3,741 in government and government enterprise, with the average per capita personal income of $30,650. The largest employer in the county is the John Deere Dubuque Works. Other large employers include the Dubuque Community Schools, Mercy and Finley Hospitals, Medical Associates Clinics, City of Dubuque, Eagle Window and Door, Prudential Retirement, Woodward Communications, Inc., Holy Family Catholic Schools, the Dubuque Diamond Jo Casino and Cottingham and Butler.

Dubuque County government employs approximately 362 full-time, 93 part-time and 18 seasonal people throughout a year and its services include health care and environmental services through the County Health Department and through Sunnycrest Manor, a geriatric nursing home a facility for the developmentally disabled and a residential facility for the chronically mentally ill; county conservation services with an extensive system of parks, county law enforcement and jail administration, a county library, services to indigent veterans and other indigent persons, an array of services of the mentally ill and developmentally disabled, an extensive system of secondary roads and bridges and zoning.

Dubuque County has five collective bargaining units, ranging from the 9 full-time Assistant County Attorneys, to the 183 employee AFSCME unit at Sunnycrest Manor. There are two Teamster units, one is the Secondary Road Department with 38 employees, and another the Courthouse and Library clerical, with 50 employees. There is also a Deputy Sheriffs' Association, representing 104 full and part-time employees and a Sheriff Department Management Union recently organized by the Teamsters and authorized by the Iowa Public Relations Board and is in the process of negotiating the initial bargaining unit agreement representing 12 management employees for benefits only. This matter involves the employees in Secondary Road Department represented by the Union.

POSITIONS OF THE PARTIES

EMPLOYER:

The Employer has three health plans. Of these three plans, the Medical Associates HMO and the United Health Care HMO are, by far, the most popular among employees. The Employer pays all of the premiums and the employees do not share in the premium. From 1995 to 2009, the health care rates have raised dramatically, up 156% over that period. The Employer has been forced to absorb that increase.

One of the most important reasons to seek cost sharing is to prevent employees' spouses and family members from abandoning coverage elsewhere in favor of the Employer's plans. It is inappropriate for the taxpayers to absorb this. Further, experience demonstrates that if employees share in the cost of insurance, they will be better health care consumers.

The health insurance plan here is among the best among the employers the parties have agreed are comparable. Cost sharing is prevalent among the comparable employers' plans.

The 100 employees at Sunnycreast manor, the largest bargaining unit have accepted the Employer's proposal for cost sharing. The internal comparison supports the Employer's position. The Employer notes that the employees in that unit are lower paid than the employees in this unit. Sixty-three unrepresented employees will receive a 3% increase and the same cost sharing in health insurance as proposed herein.

The past attempt at using a committee to propose changes is unworkable. The last time the Employer tried a committee they, at first, recommended no changes. Only after much prodding did they propose changes. Those changes were adopted successfully.

Other local public employers have adopted cost sharing. These include the Dubuque School District and the City of Dubuque.

The Employer has offered a generous .5% additional increase as a *quid pro quo* for the proposed changes. This is very generous and supports the change even standing alone.

The Employer believes its overall wage proposal is supported by the voluntary settlement with Sunnycrest Manor. The Employer certified the budget with a 3% increase for elected officials, their deputies and all other management staff. Historically, internal comparisons on wage increases have been historically strong for the Employer.

UNION:

The Union notes that the Employer has not argued that it has the financial inability to meet the Union's offer. The Union agrees with the Fact Finder's recommendations and has adopted them as their final offer. The Union's final offer is within the range of the increases among the agreed-upon comparables. They range from 3.25% to 5%. The Union's position of 3.25% is certainly within the range of the external comparables. The Employer has also granted a 3.5% wage increase to the unit that settled for its health insurance. We believe that only .25% of that wage increase should be viewed as *quid pro quo* for the health insurance.

The Employer's reliance upon the AFSCME county home unit's agreement to its health insurance proposal for its main argument in support of its health insurance proposal is misplaced. The non-bargaining unit employees should not have any weight. All of the Employer's other bargaining units have sought interest arbitration. The Arbitrator should look at the Fact Finder's position which should be given the highest weight. The changes which the committee recommended went into in FY06. The cost savings from those changes were significant and they are more than twice the cost savings the Employer seeks here. This is more than twice the savings the Employer seeks by its proposal herein. The Employer argues that it has .5% of *quid pro quo* built into its offer. The comparables suggest that its proposed .5% is really an appropriate general increase. In any event a .5% it is not enough to cover the longer term cost of the proposed change in health insurance.

DISCUSSION

There are two impasse items in dispute, wages and health insurance. The Union's position on each of the impasse items is the same as the fact finders. Under these circumstances Sec. 20.22, Iowa Code, requires the arbitrator is to select the final offer of one party or the other on each of the impasse items. The Employer's offer as to wages is higher than the Association's because it includes a .5% *quid pro quo*. Thus, the only practical choice with which the arbitrator is faced is selecting the final offer on both issues of one party or the other. The selection is to be made applying the following statutory criteria:

> 9. The panel of arbitrators shall consider, in addition to any other relevant factors, the following factors:
>
> a. Past collective bargaining contracts between the parties including the bargaining that led up to such contracts.
>
> b. Comparison of wages, hours and conditions of employment of the involved public employees with those of other public employees doing comparable work, giving consideration to factors peculiar to the area and the classifications involved.
>
> c. The interests and welfare of the public, the ability of the public employer to finance economic adjustments and the effect of such adjustments on the normal standard of services.
>
> d. The power of the public employer to levy taxes and appropriate funds for the conduct of its operations.

Insurances

The primary issue in this matter is the Employer's proposal to institute premium cost sharing in the health plans. The Employer has offered three reasons for its proposed changes. First, is to discourage potential family beneficiaries from migrating from health plans of private parties to this taxpayer supported plan. The second, it to deal with spiraling health care costs. The third is to encourage employees to be cost conscious in making health care expenditure choices.

Migration

The parties have agreed that the comparable counties are Pottawattamie, Woodbury, Linn, Dallas, Johnson, Blackhawk, Clinton, Polk, Scott, and Story. The benefits of the health plan which the parties have established have remained among the best among the comparables. Dubuque does not have deductibles or co-insurance. Virtually all of the comparables have both. The Employer's monthly premium cost is among the highest and is generally about $300 per month more for the family plan. Virtually all of the comparables requires some premium sharing. The Employer's proposal for the contribution for sharing the single premium is about the same as the comparables and considerably less than the comparables for the family premium. Appendix A attached hereto is the premium comparisons.

The Employer has failed to show that family members are likely to migrate from private employer health plans to this plan. Of the 36 employees in this unit, all existing employees have some form of family coverage, except three. The Employer's proposal, if anything, could only tend to drive family members away from their existing coverage. There are two new hires in the bargaining unit. There is no evidence as to their choices in health insurance. It is possible that the situation is different in other units.[1] There is no evidence that this type of migration has occurred and there is no evidence in the record dealing with the likelihood of that occurring.

The Employer's proposal requires cost sharing of single and family premiums. The cost sharing of the single portion of the premium relates to the Employer's anti-migration goal only tangentially: it does not directly discourage family members from moving to the Employer's plan. Among the comparables most require some contribution to the single premium, but the vast majority requires only very modest contributions to the single premium.

The interest and welfare criterion is ambiguous and ordinarily best interpreted by looking at other factors. The interest and welfare of the public is ordinarily focused on maintaining the morale of public employees and getting the most efficient distribution of an employer's limited personnel expenditures. The public also has a strong interest in having its public employers be examples of responsible personnel policies. The Employer's Employer proposal is a "foot-in-the-door" approach. It expects to increase the percentage contribution in successive collective bargaining agreements. It is unlikely that the Employer's immediate proposal will any impact on the benefits of other employers in the areas. The interest and welfare of the public requires that that the Employer's approach be reasoned. I do not believe that the Employer has made a study of its proposed course of action. The interest and welfare of the public slightly favors the Union's position, but this factor is less than determinative because the current proposal is not likely to affect the market and is within the range of the comparables.

Cost Savings

The Employer's second reason for the change is that its health insurance costs have risen substantially and it is paying more than most of the comparable employers. Its health costs have risen 125% or more for its most popular health plans' family premiums

[1] The Employer chose to bargain individually with each union and to not use a multi-unit committee approach. There is no evidence as to the health insurance selections in other units.

since FY96. As noted, it pays about $300 per month more for the family plan than most of the comparable employers do.

There is substantial merit in the Employer's position on this point. Health care costs have risen in excess of inflation over those years and generally have risen more than employee wage rates. The result is that health benefits are becoming an increasingly larger share of the personnel dollar.

In past collective bargaining agreements, the parties have chosen to maintain health insurance benefits even though these benefit costs have risen greater than inflation. The Employer created a committee to study potential changes to the health insurance plan which included employee representatives. The committee was reluctant to propose changes, but under some pressure from the Board, they did propose changes which were adopted. This resulted in 3.03% decrease in the Employer's health insurance cost for FY07. The cost rose 7.19% for the following fiscal year and is expected to rise 4.49% for this year. Based upon this data, the committee's work appears to have been successful in that for the last two fiscal years and this years the Employer's cost has risen about 4.9% per year. This is still greater than the rate of inflation but significantly less than double digit increases reported elsewhere. It is important to note that the parties chose to keep the modified plan even though that premium increase was much larger.

The rise in premium cost for FY9 is relatively modest and does not compel immediate changes. This is the year relevant to this dispute. I agree with the Employer that further changes will likely have to occur. There has been much discussion in the litigation as to whether the Employer should have resorted to the committee before making the changes it proposes herein. The essence of that debate is not about the committee, but about making the best changes in a carefully considered way. The public interest is in obtaining the most efficient use of benefit dollars. Ordinarily, this would mean finding cost saving items first. This is accomplished by, for example, eliminating rarely used benefits which do not affect the protection of employees. The next priority is adjusting co-payments to a level which encourages employees to make wise use of the health dollar. It is appropriate to shift costs to the employees only after those other changes are made first and then only in a considered way. I do not believe that the Employer's approach was carefully considered.

The Employer's reliance upon the county home unit is not entitled to weight. Ordinarily internal comparisons are entitled to weight where they have been common among the specific parties. Further, internal comparisons are ordinarily important in establishing benefits. Usually similar administration among all units is a benefit to both parties. None of the other bargaining units have accepted the Employer's position and the fact that the county home unit has settled is not persuasive in an era in which county-run homes have been disappearing. I note that the Employer has abandoned a multi-unit approach and sought to bargain individually with each unit. Accordingly, the lone comparison is important, but not controlling here.

Wise Consumers

In this regard, the Employer's third reason is not supported by the record. The third reason was that it believed its proposal would cause employees to make wiser use of their health care benefits. There is no evidence to support this assertion. Other employers have used modest co-payments which appear more logically connected to that goal.

Quid Pro Quo

The Employer has offered what it argues is a .5% *quid pro quo.* The 2% premium share for family plan members will result in an annual cost of about $330. Even if one were to consider a full .5% as the *quid pro quo*, the increase is about $145. The premium share will grow the premium, but the .5% will be fixed. The Employer's offer is not an equivalent or greater *quid pro quo*. It is appropriate, however, to consider it with the totality of its offer.

For the reasons expressed above, I conclude that the Employer is correct that the disproportionate increase in health benefits will require careful consideration of changes in the health plan to maximize the benefits at the most reasonable cost. However, I conclude that the proposal of the Union is closer to appropriate on the insurances issues.

Wages

As noted, the Employer's wage offer includes a *quid pro* quo and is, therefore, higher than the Union's. It should not be adopted without the Employer's health insurance proposal. The available evidence indicates that MMI's are paid substantially more than average, while other non-clerical employees are paid about average among the comparables. One-third of the unit are MMI's The most recent annual CPI change was 2.4%/ The following are the FY09 increases reported among the comparables to date:

Blackhawk	3%
Dallas	4%
Johnson	3.25%
Linn	3.75%
Polk	4%
Pott	3.5%
Scott	3.25%
Woodbury	5%

These wage increases tend to exceed the rate of inflation. Only Blackhawk has had a lower increase than that proposed by the Union. The available evidence indicates that the Union's proposed increase is relatively modest. The Union's proposed increase is appropriate.

AWARD

That the Union's proposed offer as to wages and insurances be adopted.

Dated at Sun Prairie, Wisconsin, this 24th[t] day of June, 2008.

Stanley H Michelstetter II

Stanley H. Michelstetter II, Arbitrator

Highest Prem	Pottawattamie	Woodbury	Linn	Dallas	Johnson	Blackhawk	Clinton	Polk	Scott	Story	Average	Dubuque	Dubuque
Single	$475.25	$412.50	$474.00	$393.04	$356.90	$527.00	$1,161.50	$379.32	$393.51	$508.00	$508.10	$514.05	$503.56
Family *	$1,045.59	$975.70	$1,046.00	$1,328.55	$1,000.00	$1,223.25	$1,161.50	$948.30	$1,080.40	$1,139.00	$1,094.29	$1,336.53	$1,309.25
							incl. dental						

Dubuque also has premium catagories which none of the comparable employers have. These are essentially a single plus spouse and single plus children.

I have selected the highest premium of each of the comparble employers with multiple plan.

CERTIFICATE OF SERVICE

I, Stanley H. Michelstetter II, certify that on the ____ day of _____, 20___, I served the foregoing Award of the Arbitrator upon each of the parties to this matter by mailing a copy to the m at their respective addresses as shown below:

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Stanley H. Michelstetter II

Stanley H. Michelstetter II, Arbitrator